

CITY OF POSTVILLE, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2020

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City of Postville

Officials

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Leigh Rekow	Mayor	Jan 2022
Ross Malcom	Mayor Pro Tem	Jan 2020
Don Miller	Council Member	Jan 2022
Mary Engstrom	Council Member	Jan 2022
Mary Straate	Council Member	Jan 2020
Larry Moore	Council Member	Jan 2020
Darcy Radloff	City Clerk	Indefinite
Darci Englehardt	Treasurer	Indefinite
Anne Loomis	Attorney	Indefinite
Matt Ellis	Police Chief	Indefinite

(After January 2020)

Leigh Rekow	Mayor	Jan 2022
Ross Malcom	Mayor Pro Tem	Jan 2024
Don Miller	Council Member	Jan 2022
Mary Engstrom	Council Member	Jan 2022
Zev Frimerman	Council Member	Jan 2024
Larry Moore	Council Member	Jan 2024
Darcy Radloff	City Clerk	Indefinite
Ashley Kingsley	Treasurer	Indefinite
Anne Loomis	Attorney	Indefinite
Matt Ellis	Police Chief	Indefinite

City of Postville

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:
City of Postville, Iowa

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Postville, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the Postville Volunteer Fire Department (PVFD), a legally separate entity which should be reported as a discretely presented component unit. The amount by which this departure affects the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Qualified Opinion

In my opinion, because of the significance of the matter discussed in the “Basis for Qualified Opinion on the Aggregate Discretely Presented Component Unit” paragraph, the financial statements do not present fairly the cash basis financial position of the aggregate discretely presented component unit as of June 30, 2020, and the respective changes in the cash basis financial position of the aggregate discretely presented component unit for the year then ended in conformity with the basis of accounting described in Note 1.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Postville as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States. My opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The financial statements for the nine years ended June 30, 2019 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report. For the one year ended June 30, 2019, the predecessor auditor’s expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information and an adverse opinion on the financial statements of the discretely presented component unit due to the omission of the component unit and they expressed unmodified opinions on the financial statements for the eight years ended June 30, 2018. All previous financial statements were prepared on the basis of cash receipts and disbursements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare

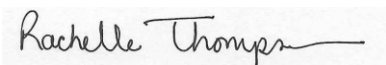
To the Honorable Mayor and
Members of the City Council
City of Postville, Iowa
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the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability and the schedule of city contributions on pages 21 through 25, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2020 on my consideration of the City of Postville's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Postville's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rachelle Thompson". The signature is written in dark ink on a light-colored background.

RACHELLE K. THOMPSON, CPA
Hampton, Iowa

December 21, 2020

Basic Financial Statements

City of Postville - Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2020

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities							
Public safety	\$ 545,018	\$ 7,976	\$ 8,833	\$ -	\$ (528,209)	\$ -	\$ (528,209)
Public works	647,193	141,417	286,255	-	(219,521)	-	(219,521)
Culture and recreation	141,685	6,291	31,361	-	(104,033)	-	(104,033)
Community and economic development	63,789	-	5,000	60,736	1,947	-	1,947
General government	170,291	-	-	-	(170,291)	-	(170,291)
Debt service	155,760	-	-	-	(155,760)	-	(155,760)
Capital projects	944,603	-	-	232,519	(712,084)	-	(712,084)
Total governmental activities	2,668,339	155,684	331,449	293,255	(1,887,951)	-	(1,887,951)
Business type activities							
Water	458,495	514,192	-	-	-	55,697	55,697
Sewer	876,977	615,258	-	-	-	(261,719)	(261,719)
Storm water	17,817	34,941	-	-	-	17,124	17,124
Total business type activities	1,353,289	1,164,391	-	-	-	(188,898)	(188,898)
Total	\$ 4,021,628	\$ 1,320,075	\$ 331,449	\$ 293,255	(1,887,951)	(188,898)	(2,076,849)
General Receipts and Transfers							
Property and other city tax levied for:							
General purposes					663,173	-	663,173
Debt service					87,314	-	87,314
Tax increment financing					112,148	-	112,148
Local option sales tax					199,966	-	199,966
Unrestricted interest on investments					14,580	38,098	52,678
Bond proceeds					395,845	-	395,845
Miscellaneous					153,225	390,313	543,538
Interfund loan repayment (payment)					(52,000)	52,000	-
Transfers					-	-	-
Total general receipts and transfers					1,574,251	480,411	2,054,662
Change in cash basis net position					(313,700)	291,513	(22,187)
Cash basis net position beginning of year					1,846,409	2,485,367	4,331,776
Cash basis net position end of year					\$ 1,532,709	\$ 2,776,880	\$ 4,309,589
Cash Basis Net Position							
Restricted:							
Expendable:							
Streets					\$ 281,588	\$ -	\$ 281,588
Capital projects					483,783	-	483,783
Urban renewal purposes					882	-	882
Debt service					6,813	852,876	859,689
Other purposes					537,135	29,081	566,216
Unrestricted					222,508	1,894,923	2,117,431
Total cash basis net position					\$ 1,532,709	\$ 2,776,880	\$ 4,309,589

See notes to financial statements.

City of Postville - Statement of Cash Receipts, Disbursements and Changes in Cash Balances -- Governmental Funds

As of and for the year ended June 30, 2020

	Special Revenue					
	General	Road Use Tax	Employee Benefits	Capital Projects	Nonmajor Governmental	Total
Receipts						
Property tax	\$ 377,611	\$ -	\$ 200,104	\$ 78,786	\$ 100,264	\$ 756,765
Tax increment financing	-	-	-	-	112,148	112,148
Other city tax	-	-	-	-	199,966	199,966
Licenses and permits	5,110	-	-	-	-	5,110
Use of money and property	12,027	776	-	-	1,778	14,581
Intergovernmental	105,930	286,255	-	232,519	-	624,704
Charges for services	155,683	-	-	-	-	155,683
Special assessments	40,134	-	-	-	-	40,134
Miscellaneous	96,478	-	-	-	5,225	101,703
Total receipts	792,973	287,031	200,104	311,305	419,381	2,010,794
Disbursements						
Operating:						
Public safety	304,486	-	88,156	-	152,376	545,018
Public works	263,900	229,864	45,269	-	108,160	647,193
Culture and recreation	134,230	-	7,455	-	-	141,685
Community and economic development	63,789	-	-	-	-	63,789
General government	137,820	-	32,471	-	-	170,291
Debt service	-	-	-	-	155,760	155,760
Capital projects	-	-	-	944,603	-	944,603
Total disbursements	904,225	229,864	173,351	944,603	416,296	2,668,339
Excess (Deficiency) of receipts over (under) disbursements	(111,252)	57,167	26,753	(633,298)	3,085	(657,545)
Other financing sources (uses)						
Interfund loan payment	-	-	-	-	(52,000)	(52,000)
Bond and note proceeds	-	-	-	395,845	-	395,845
Transfers in	183,260	-	-	-	106,000	289,260
Transfers out	(43,000)	-	-	(133,260)	(113,000)	(289,260)
Total other financing sources (uses)	140,260	-	-	262,585	(59,000)	343,845
Change in cash balances	29,008	57,167	26,753	(370,713)	(55,915)	(313,700)
Cash balances beginning of year	297,687	224,421	309,840	854,496	159,965	1,846,409
Cash balances end of year	\$ 326,695	\$ 281,588	\$ 336,593	\$ 483,783	\$ 104,050	\$ 1,532,709
Cash Basis Fund Balances						
Restricted for:						
Streets	\$ -	\$ 281,588	\$ -	\$ -	\$ -	\$ 281,588
Capital projects	-	-	-	483,783	-	483,783
Debt service	-	-	-	-	6,813	6,813
Urban renewal	-	-	-	-	882	882
Library	22,182	-	-	-	-	22,182
Pool	23,951	-	-	-	-	23,951
Other purposes	-	-	336,593	-	147,271	483,864
Assigned - culture and recreation	7,138	-	-	-	-	7,138
Unassigned	273,424	-	-	-	(50,916)	222,508
Total cash basis fund balances	\$ 326,695	\$ 281,588	\$ 336,593	\$ 483,783	\$ 104,050	\$ 1,532,709

See notes to financial statements.

City of Postville - Statement of Cash Receipts, Disbursements and Changes in Cash Balances
-- Proprietary Funds
As of and for the year ended June 30, 2020

	Enterprise			
	Water	Sewer	Nonmajor Storm Water	Total
Operating receipts				
Charges for service	\$ 514,192	\$ 615,258	\$ 34,941	\$ 1,164,391
Operating disbursements				
Business type activities	313,440	248,039	17,817	579,296
Excess of operating receipts over operating disbursements	200,752	367,219	17,124	585,095
Non-operating receipts (disbursements)				
Interest on investments	24,928	13,170	-	38,098
Miscellaneous	92,672	297,641	-	390,313
Debt service	(145,055)	(628,938)	-	(773,993)
Net non-operating receipts (disbursements)	(27,455)	(318,127)	-	(345,582)
Excess of receipts over disbursements	173,297	49,092	17,124	239,513
Other financing sources				
Interfund loan repayment	52,000	-	-	52,000
Change in cash balances	225,297	49,092	17,124	291,513
Cash balances beginning of year	749,547	1,576,040	159,780	2,485,367
Cash balances end of year	\$ 974,844	\$ 1,625,132	\$ 176,904	\$ 2,776,880
Cash Basis Fund Balances				
Restricted for other purposes	\$ 199,606	\$ 682,351	\$ -	\$ 881,957
Unrestricted	775,238	942,781	176,904	1,894,923
Total cash basis fund balances	\$ 974,844	\$ 1,625,132	\$ 176,904	\$ 2,776,880

See notes to financial statements.

City of Postville – Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The City of Postville is a political subdivision of the State of Iowa located in Allamakee and Clayton Counties. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City of Postville has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Except as noted, these financial statements present the City of Postville (the primary government) and its component units. The financial statements do not include financial data for Postville Volunteer Fire Department (PVFD), a legally separate entity which should be reported as a discretely presented component unit.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission, Allamakee County E911 Joint Service Board, and Turkey River Watershed Management Authority.

Basis of Presentation

Government-wide Financial Statement – The cash basis statement of activities and net position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The cash basis statement of activities and net position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

City of Postville – Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The cash basis statement of activities and net position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue

The *Road Use Tax Fund* is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The *Employee Benefits Fund* is used to account for property tax and other receipts to be used for payment of employee benefits.

The *Capital Projects Fund* is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The *Enterprise, Water Fund* accounts for the operation and maintenance of the City's water system.

The *Enterprise, Sewer Fund* accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States.

City of Postville – Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenue recognized in these funds becomes due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted.

Estimates and Assumptions

The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amount of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

City of Postville – Notes to the Financial Statements

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

(3) Bonds and Notes Payable

A summary of changes in bonds payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation notes	<u>\$ 1,090,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 960,000</u>	<u>\$ 135,000</u>
Business type activities					
Water revenue capital loan notes	\$ 695,000	\$ -	\$ 110,000	\$ 585,000	\$ 110,000
Sewer revenue capital loan notes	2,378,814	4,673	267,674	2,115,813	280,900
Sewer revenue bonds	5,486,085	391,172	181,000	5,696,257	195,000
Business type activities total	<u>\$ 8,559,899</u>	<u>\$ 395,845</u>	<u>\$ 558,674</u>	<u>\$ 8,397,070</u>	<u>\$ 585,900</u>

General Obligation Notes

A summary of the City's June 30, 2020 general obligation notes payable is as follows:

Year Ending June 30,	<u>Capital Loan Notes, Series 2017A</u>			<u>Capital Loan Notes, Series 2017B</u>			<u>Total</u>	
	<u>Issued July 12, 2017</u>			<u>Issued July 12, 2017</u>			<u>Principal</u>	<u>Interest</u>
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>		
2021	1.60%	\$ 75,000	\$ 21,450	2.00%	\$ 60,000	\$ 1,200	\$ 135,000	\$ 22,650
2022	1.60%	75,000	20,250	-	-	-	75,000	20,250
2023	1.90%	65,000	19,050	-	-	-	65,000	19,050
2024	1.90%	65,000	17,815	-	-	-	65,000	17,815
2025	2.20%	70,000	16,580	-	-	-	70,000	16,580
2026-2030	2.20-2.80%	380,000	57,425	-	-	-	380,000	57,425
2031-2032	3.10%	170,000	7,905	-	-	-	170,000	7,905
TOTAL		<u>\$ 900,000</u>	<u>\$ 160,475</u>		<u>\$ 60,000</u>	<u>\$ 1,200</u>	<u>\$ 960,000</u>	<u>\$ 161,675</u>

City of Postville – Notes to the Financial Statements

(3) Bonds and Notes Payable

In July 2017, the City issued \$1,105,000 of general obligation notes with interest rates ranging from 1.30% to 3.10%. The notes were issued for the purpose of providing funds to pay costs associated with the fire truck and essential corporate purposes. During the year ended June 30, 2020, the City paid \$70,000 of principal and \$22,360 of interest on the notes.

In July 2017, the City issued \$240,000 of general obligation refunding notes with interest rates rating from 1.70% to 2.00%. The notes were issued for the purpose of refunding \$225,000 of outstanding general obligation notes. During the year ended June 30, 2020, the City paid \$60,000 of principal and \$2,400 of interest on the bonds.

Revenue Notes and Bonds

A summary of the City's June 30, 2020 revenue notes and bonds payable is as follows:

Year Ending June 30,	Water Revenue Capital Loan Notes Issued May 1, 2005			Sewer Revenue Capital Loan Notes Issued February 8, 2007		
	Interest	Principal	Interest	Interest	Principal	Interest
	Rates			Rates		
2021	4.90%	\$ 110,000	\$ 29,275	4.125%	\$ 267,900	\$ 66,221
2022	4.95%	110,000	23,885	4.125%	273,040	61,080
2023	5.00%	115,000	18,440	4.125%	284,538	49,582
2024	5.05%	120,000	12,690	4.125%	296,424	37,696
2025	5.10%	130,000	6,630	4.125%	309,002	25,117
2026-2030		-	-	4.125%	369,909	13,105
TOTAL		\$ 585,000	\$ 90,920		\$ 1,800,813	\$ 252,801

Year Ending June 30,	Sewer Revenue Bond Issued February 3, 2017			Sewer Revenue Capital Loan Notes Issued September 7, 2018			Total	
	Interest	Principal	Interest	Interest	Principal	Interest	Principal	Interest
	Rates			Rates				
2021	1.14%	\$ 195,000	\$ 65,772	1.75%	\$ 13,000	\$ 5,513	\$ 585,900	\$ 166,781
2022	1.14%	197,000	63,578	1.75%	14,000	5,285	594,040	153,828
2023	1.14%	200,000	61,332	1.75%	14,000	5,040	613,538	134,394
2024	1.14%	203,000	59,052	1.75%	16,000	4,795	635,424	114,233
2025	1.14%	206,000	56,738	1.75%	16,000	4,515	661,002	93,000
2026-2030	1.14%	1,072,000	247,813	1.75%	85,000	18,271	1,526,909	279,189
2031-2035	1.14%	1,149,000	185,011	1.75%	95,000	10,484	1,244,000	195,495
2036-2040	1.14%	1,231,000	117,682	1.75%	62,000	2,188	1,293,000	119,870
2041-2045	1.14%	1,243,257	45,509		-	-	1,243,257	45,509
TOTAL		\$5,696,257	\$ 902,487		\$ 315,000	\$ 56,091	\$ 8,397,070	\$ 1,302,299

The City has pledged future water customer receipts, net of specified operation disbursements, to repay \$1,700,000 of water revenue notes issued in May 2005. Proceeds from the notes provided financing for the construction of improvements to the municipal water utility. The notes are payable solely from water customer net receipts and are payable through 2025. The total principal and interest remaining to be paid on the notes is \$675,920. For the year ended June 30, 2020, principal and interest paid and total water customer net receipts were \$144,555 and \$200,752, respectively.

City of Postville – Notes to the Financial Statements

(3) Bonds and Notes Payable

The resolution providing for the issuance of the water revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a water revenue note sinking account for the purpose of making the note principal and interest payments when due. As of June 30, 2020, the balance of this account was \$525.
- (c) A separate water revenue note reserve account shall be established. The City has funded the reserve at \$170,000. The account is to be used solely for the purpose of paying principal and interest on the notes.

The City issued \$4,520,000 of sewer revenue notes in February 2007 for the purpose of defraying a portion of the cost of construction of a sewer treatment plant. The note is payable to the U.S. Department of Agriculture (USDA) in semi-annual installments of \$167,060, including interest at 4.125% per annum, due on June 1 and December 1 of each year. During the year ended June 30, 2020, the City paid principal and interest of \$254,120 and \$80,008, respectively.

The resolution providing for the issuance of the sewer revenue notes included the following provisions:

- (a) The notes will be only redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account for the purpose of making the note principal and interest payments when due. As of June 30, 2020, the balance of this account was \$0.
- (c) A sewer reserve account shall be established. Annually there shall be deposited in the sewer reserve account an amount equal to 25 percent of the sewer reserve account requirement. This account is restricted for the purpose of paying principal and interest when funds in the sinking account are inadequate. As of June 30, 2020, the balance of this account was \$354,611.
- (d) An improvement account shall be established for the purpose of paying principal and interest when there is insufficient money in the sinking and reserve accounts and extraordinary maintenance and repairs, as needed. As of June 30, 2020, the balance of this account was \$327,740.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$6,114,000 of sewer revenue notes issued in February 2017. Proceeds from the notes provided financing for sewer facility improvements. The notes are payable solely from sewer customer net receipts and are payable through June 2045. The total principal and interest remaining to be paid on the notes is \$6,552,837. For the year ended June 30, 2020, the City paid principal and interest of \$181,000 and \$79,785, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements to repay \$489,000 of sewer revenue notes issued in September 2018, for the purpose of financing sewer improvements. Total principal and interest remaining to be paid on the notes is \$366,418 through June 2038. For the year ended June 30, 2020, the City paid principal and interest of \$13,554 and \$5,684, respectively. For the year ended June 30, 2020, total sewer customer net receipts were \$367,219.

City of Postville – Notes to the Financial Statements

(3) Bonds and Notes Payable

Other Obligation

In February 2015, the Water Fund advanced \$190,000 to the Special Revenue, Tax Increment Financing (TIF) Fund. The Water Fund advanced an additional \$128,000 and \$46,000 during fiscal year 2017 and 2018, respectively to TIF. During the year ended June 30, 2020, the Tax Increment Financing Fund repaid principal of \$52,000 to the Water Fund. As of June 30, 2020, the balance of this Interfund loan was \$267,000.

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

City of Postville – Notes to the Financial Statements

(4) Pension Plan

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$53,222.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$243,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.0042046%, which was an decrease of 0.000246% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$74,912, \$67,765 and \$84,964, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

City of Postville – Notes to the Financial Statements

(4) Pension Plan

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	5.60%
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core Plus Fixed Income	27.0	1.71
Public Credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	(0.21)
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	3.0	3.01
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

City of Postville – Notes to the Financial Statements

(4) Pension Plan

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 589,302	\$ 243,473	\$ (46,408)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$109,886 and plan members eligible for benefits made no contributions to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by City of Postville and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2020, there were 11 active and no retired members covered by the benefit terms.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2020, primarily relating to the General Fund, was \$159,000. This liability has been computed based on rates of pay in effect at June 30, 2020.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer To	Transfer From	Amount
General	Special Revenue	
	Local Option Sales Tax	\$ 50,000
	Capital Projects	<u>133,260</u>
		<u>183,260</u>
Special Revenue		
Local Option Sales Tax	General	<u>35,000</u>

City of Postville – Notes to the Financial Statements

(7) Interfund Transfers

Debt Service	Special Revenue	
	Tax Increment Financing	<u>63,000</u>
Special Revenue		
Health Care/Ambulance	General	<u>8,000</u>
Total		<u>\$ 289,260</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Commitments

The City Council has approved several contracts total approximately \$7 million for various projects including a watershed project, a wastewater treatment facility and sewer improvements. As of June 30, 2020, the remaining commitment on these contracts was approximately \$34,000.

(9) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$50,020.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are

City of Postville – Notes to the Financial Statements

(9) Risk Management

reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

(10) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

For the year ended June 30, 2020, the City abated no property tax under urban renewal and economic development agreements.

Tax Abatements of Other Entities

Property tax revenues of the City were not reduced for the year ended June 30, 2020, as a result of any agreements entered into by other entities.

(11) Subsequent Events

Management has evaluated subsequent events through December 21, 2020, the date the financial statements were available to be issued.

(12) Contingency

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

City of Postville – Notes to the Financial Statements

(13) Financial Condition

The Special Revenue, Emergency Fund had a deficit balance of \$50,916 at June 30, 2020. The deficit balance was a result of costs exceeding property tax receipts.

Other Information

City of Postville - Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds
Other Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts						
Property tax	\$ 756,765	\$ -	\$ 756,765	\$ 740,823	\$ 740,823	\$ 15,942
Tax increment financing	112,148	-	112,148	118,000	118,000	(5,852)
Other city tax	199,966	-	199,966	211,730	211,730	(11,764)
Licenses and permits	5,110	-	5,110	9,900	9,900	(4,790)
Use of money and property	14,581	38,098	52,679	16,670	17,720	34,959
Intergovernmental	624,704	-	624,704	470,872	615,872	8,832
Charges for services	155,683	1,164,391	1,320,074	1,450,200	1,483,300	(163,226)
Special assessments	40,134	-	40,134	-	-	40,134
Miscellaneous	101,703	390,313	492,016	468,470	496,985	(4,969)
Total receipts	2,010,794	1,592,802	3,603,596	3,486,665	3,694,330	(90,734)
Disbursements						
Public safety	545,018	-	545,018	540,250	624,000	78,982
Public works	647,193	-	647,193	701,800	717,000	69,807
Culture and recreation	141,685	-	141,685	203,250	205,250	63,565
Community and economic development	63,789	-	63,789	166,000	166,000	102,211
General government	170,291	-	170,291	279,900	284,500	114,209
Debt service	155,760	-	155,760	158,000	158,000	2,240
Capital projects	944,603	-	944,603	450,000	1,200,000	255,397
Business type activities	-	1,353,289	1,353,289	1,610,828	1,610,828	257,539
Total disbursements	2,668,339	1,353,289	4,021,628	4,110,028	4,965,578	943,950
Excess (Deficiency) of receipts over (under) disbursements	(657,545)	239,513	(418,032)	(623,363)	(1,271,248)	853,216
Other financing sources, net	343,845	52,000	395,845	450,000	1,050,000	(654,155)
Change in fund balances	(313,700)	291,513	(22,187)	(173,363)	(221,248)	199,061
Balances beginning of year	1,846,409	2,485,367	4,331,776	3,726,630	3,726,630	605,146
Balances end of year	\$ 1,532,709	\$ 2,776,880	\$ 4,309,589	\$ 3,553,267	\$ 3,505,382	\$ 804,207

See accompanying independent auditor's report.

City of Postville – Notes to Other Information – Budgetary Reporting

June 30, 2020

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Postville Fire Fighters, Inc. (a blended component unit). The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$855,550. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted.

City of Postville - Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Other Information

For the Last Six Years*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability.....	0.004204%	0.004450%	0.004989%	0.004886%	0.004195%	0.003744%
City's proportionate share of the net pension liability.....	\$ 243,473	\$ 281,630	\$ 332,358	\$ 307,482	\$ 207,232	\$ 148,471
City's covered payroll.....	\$ 579,560	\$ 566,318	\$ 580,740	\$ 556,730	\$ 568,226	\$ 532,918
City's proportionate share of the net pension liability as a percentage of its covered payroll	42.01%	49.73%	57.23%	55.23%	36.47%	27.86%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Postville – Schedule of City Contributions
Iowa Public Employees’ Retirement System
Other Information

For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Satutorily required contribution	\$ 53,222	\$ 56,273	\$ 52,670	\$ 53,868	\$ 51,733	\$ 50,663	\$ 50,082	\$ 48,643	\$ 48,382	\$ 40,355
Contributions in relation to the statutorily required contributions ...	<u>(53,222)</u>	<u>(56,273)</u>	<u>(52,670)</u>	<u>(53,868)</u>	<u>(51,733)</u>	<u>(50,663)</u>	<u>(50,082)</u>	<u>(48,643)</u>	<u>(48,382)</u>	<u>(40,355)</u>
Contribution deficiency (excess)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
City’s covered payroll.....	\$ 553,459	\$ 579,560	\$ 566,318	\$ 580,740	\$ 556,730	\$ 568,226	\$ 532,918	\$ 536,306	\$ 571,216	\$ 552,052
Contributions as a percentage of covered payroll	9.62%	9.71%	9.36%	9.29%	9.34%	9.51%	9.38%	9.07%	8.47%	7.31%

See accompanying independent auditor’s report.

City of Postville - Notes to Other Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms

There are no significant changes in benefit terms.

Changes of assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Supplementary Information

City of Postville - Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds
 As of and for the year ended June 30, 2020

	Special Revenue					
	Emergency	Local Option Sales Tax	Urban Renewal Tax Increment	Health Care/ Ambulance	Debt Service	Total
Receipts						
Property tax	\$ 12,950	\$ -	\$ -	\$ -	\$ 87,314	\$ 100,264
Tax increment financing	-	-	112,148	-	-	112,148
Other city tax	-	199,966	-	-	-	199,966
Use of money and property	-	134	-	1,644	-	1,778
Miscellaneous	-	-	-	-	5,225	5,225
Total receipts	12,950	200,100	112,148	1,644	92,539	419,381
Disbursements						
Operating:						
Public safety	6,298	138,278	-	7,800	-	152,376
Public works	-	108,160				108,160
Debt service	-	-	-	-	155,760	155,760
Total disbursements	6,298	246,438	-	7,800	155,760	416,296
Excess (deficiency) of receipts over (under) disbursements	6,652	(46,338)	112,148	(6,156)	(63,221)	3,085
Other financing sources (uses)						
Interfund loan payment	-	-	(52,000)	-	-	(52,000)
Transfers in	-	35,000	-	8,000	63,000	106,000
Transfers out	-	(50,000)	(63,000)	-	-	(113,000)
Total other financing sources (uses)	-	(15,000)	(115,000)	8,000	63,000	(59,000)
Change in cash balances	6,652	(61,338)	(2,852)	1,844	(221)	(55,915)
Cash balances beginning of year	(57,568)	207,740	3,734	(975)	7,034	159,965
Cash balances end of year	\$ (50,916)	\$ 146,402	\$ 882	\$ 869	\$ 6,813	\$ 104,050
Cash Basis Fund Balances						
Restricted for:						
Urban renewal	\$ -	\$ -	\$ 882	\$ -	\$ -	\$ 882
Debt service	-	-	-	-	6,813	6,813
Other purposes	-	146,402	-	869	-	147,271
Unassigned	(50,916)	-	-	-	-	(50,916)
Total cash basis fund balances	\$ (50,916)	\$ 146,402	\$ 882	\$ 869	\$ 6,813	\$ 104,050

See accompanying independent auditor’s report

City of Postville - Schedule of Indebtedness
 Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
General Obligation Notes								
Capital Loan, series 2017A	July 12, 2017	1.30 - 3.10%	\$ 1,105,000	\$ 970,000	\$ -	\$ 70,000	\$ 900,000	\$ 22,360
Capital Loan, series 2017B	July 12, 2017	1.70 - 2.00%	240,000	120,000	-	60,000	60,000	2,400
Total General Obligation Notes				1,090,000	-	130,000	960,000	24,760
Revenue Notes and Bonds								
Water Capital Loan Notes	May 1, 2005	3.70 - 5.10%	\$ 1,700,000	695,000	-	110,000	585,000	34,555
Sewer Capital Loan Notes	February 8, 2007	4.125%	4,520,000	2,054,933	-	254,120	1,800,813	80,008
Sewer Revenue Bonds	February 3, 2017	1.14%	6,114,000	5,486,085	391,172	181,000	5,696,257	79,785
Sewer Capital Loan Notes	September 7, 2018	1.75%	489,000	323,881	4,673	13,554	315,000	5,684
Total Revenue Notes and Bonds				8,559,899	395,845	558,674	8,397,070	200,032
Interfund Loan								
Water to Tax Increment Financing	February 9, 2015	0.00%	364,000	319,000	-	52,000	267,000	-
				\$ 9,968,899	\$ 395,845	\$ 740,674	\$ 9,624,070	\$ 224,792

See accompanying independent auditor’s report.

City of Postville - Bond and Note Maturities
June 30, 2020

General Obligation Notes					
Year Ending June 30,	Capital Loan Notes, Series 2017A		Capital Loan Notes, Series 2017B		Total
	Issued July 12, 2017		Issued July 12, 2017		
	Interest Rates	Principal	Interest Rates	Principal	
2021	1.60%	\$ 75,000	2.00%	\$ 60,000	\$ 135,000
2022	1.60%	75,000	-	-	75,000
2023	1.90%	65,000	-	-	65,000
2024	1.90%	65,000	-	-	65,000
2025	2.20%	70,000	-	-	70,000
2026	2.20%	70,000	-	-	70,000
2027	2.50%	75,000	-	-	75,000
2028	2.50%	75,000	-	-	75,000
2029	2.80%	80,000	-	-	80,000
2030	2.80%	80,000	-	-	80,000
2031	3.10%	85,000	-	-	85,000
2032	3.10%	85,000	-	-	85,000
TOTAL		<u>\$ 900,000</u>		<u>\$ 60,000</u>	<u>\$ 960,000</u>

Revenue Notes and Bonds									
Year Ending June 30,	Water Revenue Capital Loan Notes		Sewer Revenue Capital Loan Notes		Sewer Revenue Bond		Sewer Revenue Capital Loan Notes		
	Issued May 1, 2005		Issued February 8, 2007		Issued February 3, 2017		Issued September 7, 2018		
	Interest Rates	Principal	Interest Rates	Principal	Interest Rates	Principal	Interest Rates	Principal	Total
2021	4.90%	\$ 110,000	4.125%	\$ 267,900	1.14%	\$ 195,000	1.75%	\$ 13,000	\$ 585,900
2022	4.95%	110,000	4.125%	273,040	1.14%	197,000	1.75%	14,000	594,040
2023	5.00%	115,000	4.125%	284,538	1.14%	200,000	1.75%	14,000	613,538
2024	5.05%	120,000	4.125%	296,424	1.14%	203,000	1.75%	16,000	635,424
2025	5.10%	130,000	4.125%	309,002	1.14%	206,000	1.75%	16,000	661,002
2026	-	-	4.125%	322,015	1.14%	209,000	1.75%	16,000	547,015
2027	-	-	4.125%	47,894	1.14%	212,000	1.75%	17,000	276,894
2028	-	-	-	-	1.14%	214,000	1.75%	17,000	231,000
2029	-	-	-	-	1.14%	217,000	1.75%	17,000	234,000
2030	-	-	-	-	1.14%	220,000	1.75%	18,000	238,000
2031	-	-	-	-	1.14%	223,000	1.75%	18,000	241,000
2032	-	-	-	-	1.14%	227,000	1.75%	19,000	246,000
2033	-	-	-	-	1.14%	230,000	1.75%	19,000	249,000
2034	-	-	-	-	1.14%	233,000	1.75%	19,000	252,000
2035	-	-	-	-	1.14%	236,000	1.75%	20,000	256,000
2036	-	-	-	-	1.14%	239,000	1.75%	20,000	259,000
2037	-	-	-	-	1.14%	243,000	1.75%	21,000	264,000
2038	-	-	-	-	1.14%	246,000	1.75%	21,000	267,000
2039	-	-	-	-	1.14%	250,000	-	-	250,000
2040	-	-	-	-	1.14%	253,000	-	-	253,000
2041	-	-	-	-	1.14%	257,000	-	-	257,000
2042	-	-	-	-	1.14%	260,000	-	-	260,000
2043	-	-	-	-	1.14%	264,000	-	-	264,000
2044	-	-	-	-	1.14%	267,000	-	-	267,000
2045	-	-	-	-	1.14%	195,257	-	-	195,257
TOTAL		\$ 585,000		\$ 1,800,813		\$ 5,696,257		\$ 315,000	\$ 8,397,070

See accompanying independent auditor's report.

City of Postville - Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds
 For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Receipts										
Property tax	\$ 756,765	\$ 794,697	\$ 800,841	\$ 768,705	\$ 777,662	\$ 729,865	\$ 855,058	\$ 827,506	\$ 757,826	\$ 705,368
Tax increment financing	112,148	110,253	85,699	138,586	219,063	213,630	200,337	187,164	162,619	236,815
Other city tax	199,966	218,105	204,923	224,624	86,049	89,668	185,808	184,681	282,444	275,495
Licenses and permits	5,110	8,884	9,304	9,789	6,397	5,970	4,985	6,298	5,471	9,091
Use of money and property	14,581	13,974	11,951	13,077	4,995	5,272	5,464	703	4,390	10,878
Intergovernmental	624,704	747,764	592,800	302,409	517,241	317,110	266,588	337,621	538,507	424,786
Charges for services	155,683	175,273	185,113	188,397	190,702	181,554	242,467	170,970	173,350	192,012
Special assessments	40,134	-	-	-	-	2,145	2,774	2,855	3,276	3,034
Miscellaneous	101,703	105,056	144,109	139,003	143,850	166,505	116,990	97,012	131,253	231,054
Total receipts	\$2,010,794	\$2,174,006	\$2,034,740	\$1,784,590	\$1,945,959	\$1,711,719	\$1,880,471	\$1,814,810	\$2,059,136	\$2,088,533
Disbursements										
Operating										
Public safety	\$ 545,018	\$ 452,709	\$ 567,764	\$ 480,031	\$ 465,486	\$ 480,883	\$ 450,757	\$ 430,030	\$ 448,676	\$ 445,643
Public works	647,193	504,896	492,937	473,865	437,805	455,140	626,643	495,675	412,474	600,668
Culture and recreation	141,685	151,749	170,455	166,791	214,500	205,198	185,234	180,411	167,412	359,710
Community and economic development	63,789	8,408	9,902	53,667	184,714	114,408	15,837	115,926	204,273	386,886
General government	170,291	250,407	240,639	180,060	178,258	168,583	171,501	187,174	207,019	255,255
Debt service	155,760	157,790	408,278	292,183	273,112	278,527	340,700	1,253,162	325,897	326,297
Capital projects	944,603	3,412,543	3,776,925	236,776	252,450	192,805	152,836	135,677	5,883	27,354
Total disbursements	\$2,668,339	\$4,938,502	\$5,666,900	\$1,883,373	\$2,006,325	\$1,895,544	\$1,943,508	\$2,798,055	\$1,771,634	\$2,401,813

See accompanying independent auditor’s report.

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council
City of Postville

I have audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Postville, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated December 21, 2020. My report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered City of Postville's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Postville's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Postville's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Postville's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-20 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-20 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Postville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

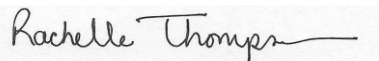
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Postville's Responses to the Findings

City of Postville's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. City of Postville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RACHELLE K. THOMPSON, CPA

Hampton, Iowa
December 21, 2020

City of Postville – Schedule of Findings

June 30, 2020

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements based on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which was material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

II-A-20 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – One individual in the City has control over the cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal and reconciling the bank accounts.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Auditor's Recommendation – I realize segregation of duties is difficult with a limited number of employees. However, the City should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

City's Response – The City will continue to monitor office staff so duties are segregated amongst the small staff.

Auditor's Conclusion – Response accepted.

City of Postville – Schedule of Findings

June 30, 2020

II-B-20 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – Monthly bank statements are reconciled to the City's monthly financial records and reviewed by an independent person. However, the reconciliations are performed using a spreadsheet rather than within the financial software. The City's general ledger Bank Cash Report shows a variance of \$182,182 between the bank totals and the general ledger account totals. Additionally, bank reconciliations were not prepared for the PVFD's bank accounts.

Cause – It was noted there were several journal entries and old outstanding items that need to be researched to resolve the variance.

Effect – Reconciliations should be performed within the financial software system to ensure general ledger accounts are balanced to the bank records. In addition, errors can occur when financial information is compiled into a spreadsheet.

Auditor's Recommendation – Research and resolve the variance and perform the monthly reconciliations within the general ledger system.

City's Response – We will contact the software company to fix the report.

Auditor's Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting

III-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

III-B-20 Questionable Disbursements – No disbursements were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-20 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-20 Business Transactions – No business transactions between the City and City officials or employees were noted.

III-E-20 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

III-F-20 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

III-G-20 City Council Minutes – No transactions were found that I believe should have been approved in the City Council minutes but were not.

City of Postville – Schedule of Findings

June 30, 2020

- III-H-20 Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- III-I-20 Revenue Notes** – No instances of non-compliance with the revenue note resolutions were noted.
- III-J-20 Annual Urban Renewal Report** – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1, and no exceptions were noted.
- III-K-20 Tax Urban Renewal Certification** – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. Such certification makes it a duty of the County Auditor to provide for the division of property tax to repay the certified indebtedness. Indebtedness incurred is to be certified to the County Auditor and then the divided property tax is to be used to pay the principal of and interest on the certified indebtedness. In addition, Chapter 403.19(6)(b) of the Code of Iowa requires the City to certify the amount of reductions resulting from the reduction of debt or any other reason to the County Auditor.

During testing of the Urban Renewal Area TIF Indebtedness/Increment Tax Revenue Reconciliation, it appears the City refunded debt which should be decertified to the County Auditor.

Auditor's Recommendation - The City should review all TIF indebtedness which has been certified to the County Auditor and determine amounts which have been advance refunded and decertify those amounts to the County Auditor.

City's Response – City will have financial advisor review City/County reconciliation.

Auditor's Conclusion – Response accepted.

- III-L-20 Annual Financial Report** – The total beginning and ending cash balances report on the June 30, 2020 Annual Financial Report did not agree to the City's records by \$6,688 and 6,655, respectively.

Auditor's Recommendation – The City should ensure the cash balances reported on the Annual Financial Report agree to the City's records.

City's Response – The Clerk found error and will correct the report.

Auditor's Conclusion – Response accepted.

- III-M-20 Financial Condition** – At June 30, 2020, the City had a deficit balance of \$50,916 in the Special Revenue, Emergency Fund.

Auditor's Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

City's Response – The City is working to eliminate the deficit to the fund by reducing spending.

Auditor's Conclusion – Response accepted.

City of Postville – Schedule of Findings

June 30, 2020

- III-N-20 Interest on Road Use Tax Funds** – Interest earned on Road Use Tax funds should be recorded in the General Fund in accordance with Chapter 12C.7(2) of the Code of Iowa.

Auditor's Recommendation – The City should record all interest earned on Road Use Tax monies in the General Fund in accordance with Chapter 12C.7(2) of the Code of Iowa.

City's Response – The City Treasurer has corrected and interest earned will be credited into General checking.

Auditor's Conclusion – Response accepted.

- III-O-20 Local Option Sales and Services Tax** – The City imposed a local sales and services tax in the City with receipts to be allocated as follows: 50% for public safety and 50% for street repairs, replacement and improvements. Based on documentation maintained, it appears receipts were spent for proper purposes, although the receipts were not equally allocated between the two functions and the cumulative balance for public safety is negative \$73,553.

Auditor's Recommendation – The City should allocate local sales and services tax receipts 50/50 to public safety and streets. There should be no expenditures paid or transfers made relating to public safety until the balance has been restored to a positive balance. All activity should continue to be tracked.

City's Response – The City will continue with transfers until the public safety is restored.

Auditor's Conclusion – Response accepted.

- III-P-20 Separately Maintained Records** – The separate accounts of the Postville Volunteer Fire Department (PVFD) are not included in the City's accounting records.

Auditor Recommendation – Chapter 384.20 of the Code of Iowa states, in part, "A City shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose." For better accountability, financial and budgetary control, the financial activity and balances of the PVFD's accounts should be included in the City's accounting records and reported to the City Council on a monthly basis.

City's Response – The City Attorney is working to correct issues with the PVFD.

Auditor's Conclusion – Response accepted.